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Livestock and Products

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Report Highlights:

MY 2002 Carabeef exports are estimated to rebound to 280,000 tons following efforts taken by the industry and the government to control frequent FMD outbreaks and increased demand from traditional importing countries following the current Argentinian crisis. MY 2003 exports are forecast to grow by 5 percent estimated at 295,000 tons.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
New Delhi [IN1], IN

SECTION I - SITUATION AND OUTLOOK

Production

The drought like conditions in most of India, which are negatively affecting fodder supplies, coupled with depressed prices for meat animals are expected to lead to slightly stagnant animal supply numbers for CY 2002, estimated at 363 million heads. Growth in the dairy sector fueled by increased demand for milk and milk products has led to increased preference for buffalos (which constitute about 45 percent of the population) due to higher fat yield in their milk, their hardiness and expanding market for carabeef (buffalo meat) exports. Buffalo numbers are forecast to continue to grow marginally stronger in the near term vis-a-vis cattle numbers due to expanding market opportunities for carabeef and initiatives taken by the private sector in development of the meat sector. Unlike cattle, there are fewer restrictions on the slaughter of buffaloes in most states which encourages growth of the largely export oriented meat sector. A marginal increase in the efficient utilization of the buffalo population will enable India to meet any significant increase in export demand. Though cow slaughtering is banned (except for two states in India) due to the religious sensitivities, illegal cow slaughtering is prevalent in most states.

Continued capitalization of the dairy and meat-export sectors is expected to lead to a significant increase in the demand for commercial feed which is currently estimated at a paltry 6 million tons, constituting only 6 percent of the total 98 million tons of feed consumed by the livestock population in the country. Use of commercial feeds in the meat and dairy sector in India is very low due to largely marginal operations by small farmers in rural areas who formulate their feeds with locally available raw materials.

Consumption

Livestock slaughter in India remains a small-scale operation done at street corner shops or at shops located in central commodity markets in an unorganized manner catering to consumers' preference for freshly slaughtered meat in the urban and semi-urban areas. Market for fresh/chilled or frozen meat is completely lacking due to the negative attitude towards frozen meat and lack of adequate cold chain facilities. Though the demand for sheep/goat meat continue to outstrip supplies due to its unique taste and texture compared with beef, cheaper availability has made beef the number one meat consumed in the country along with poultry meat. The current retail price of lamb/sheep meat averages about $ 2.4 /kg compared with $ 1.53 /kg. for poultry meat and $1.20 /kg for beef. Per capita consumption of beef (considered to be a poor man's meat) and broiler meat is estimated at 1.4 kg vis-a-vis sheep and lamb meat at 750 grams. However, with increased production of cheaper poultry meat it will most likely become largest consumed meat in the country. Most beef is largely blended with the lamb/goat meat at the institutional level due to the premium for goat/lamb meat. Awareness about health implications in consumption of red meat coupled with the affordable prices of poultry meat and growing incomes has resulted in a remarkable shift in consumption towards poultry meat, particularly among health conscious urban consumers.

Production Policy

There are no direct subsidies to the Indian meat export sector; however, the government funds programs in research and animal health. Government animal husbandry programs are largely oriented toward improving milk production rather than the meat sector. Development of the meat sector in India is primarily undertaken by the exporters' and the government's efforts to develop the meat sector failed due to bureaucratic hurdles and inadequate infrastructure. There are about seven export-oriented plants which have incorporated HACCP and/or ISO 9000 standards in addition to the BIS (Bureau of Indian Standards) standards which are obligatory for the export-oriented slaughter houses. Their plants are periodically inspected by the Agricultural and Processed Products Export Development Authority and other responsible authorities for their adherence to stipulated domestic and export standards.

A recent report of the National Commission on Cattle (set up last year in response to a demand made by a Hindu saint to ban cow slaughter) alleged that illegal export of beef is being done under the guise of veal and called for a total ban on veal exports. The commission, while stating that high levels of meat exports are sustained by illegal exports of beef, has urged the government to curb such illegal exports. Apart from cow slaughter, the panel also sought that the movement of cattle from one state to another be restricted. It, also suggested banning production of leather from the affected cattle. Although the government has not taken these suggestions seriously, it has the potential to snowball into a more serious issue if it ends up in the hands of religious activists.

Private sector meat industries are actively involved in developing their respective catchment areas through a variety of services (e.g., feed distribution, breeding, vaccination and other veterinary services) to overcome tough quarantine requirements for diseases like FMD, stipulated by their respective buyers. This had helped them in the establishment of disease free zones in their respective catchment areas to overcome the quarantine requirements especially in the case of diseases like Rinderpest, FMD, etc. Furthermore, animals are also raised under contractual agreement by farmers with buyback guarantees provided by the meat processing sector. The private sector has undertaken measures to reduce male calf deaths, particularly in the buffalo population, which were earlier considered to be an economic burden by the farmers.

Trade

Trade in live bovine animals is effectively banned by licensing requirements due to quarantine considerations. However, imports for breeding purposes can be done under a license from the Department of Animal Husbandry. Due to reported incidence of TSE group of diseases, since August 1999, the Government of India has banned imports of live cattle, buffalo, sheep and goat, plus fresh meat, meat products, tissue/organ (other than milk), meat and bone meal of ruminant origin from countries where incidence of TSE group of diseases has been reported.

Beef and beef product are exportable in India subject to the periodic inspection by the APEDA which is the responsible agency for monitoring meat exports. Indian beef exports are estimated to have decreased by 10 percent to 259,000 tons in 2001 compared with 288,000 tons in 2000.
Due to an outbreak of FMD during early 2001 and the subsequent ban by countries such as Egypt, Kuwait, Jordan and Oman which was later lifted in May, 2001, has led to a slight set back in meat exports to Middle East countries. Most of the decrease in 2001 exports to the traditional markets in

South East Asia is attributed to the devaluation of currencies of Argentina and Brazil which made their meat more competitive vis-a-vis Indian meat. Of the total meat exports during 2001, exports of fresh/chilled meat constitute about 20 percent, the rest of the meat was in frozen form. While the Philippines and Malaysia account for a large portion of beef exports in the fresh/chilled category, Malaysia and Middle East countries such as UAE, Jordan, Egypt, etc. account for a major share of frozen meat exports.

According to trade estimates, 90 percent of total meat exports during 2001 were in boneless form and others were exported as carcasses or meat with bone-in form. The major markets for Indian speciality beef cuts include Malaysia, the Philippines, Egypt and Jordan with smaller quantities exported to other markets in the Middle East and Africa. Most of the beef exported to the Middle East and South East Asian countries cater to the institutional demand for processed beef products such as sausages, salami, etc. Negligible amounts of Indian carabeef are exported to wet markets in the Middle East and South East Asia, now serviced by the EU and Australia.

Trade sources forecast 2003 beef exports at 295,000 tons due to growth in demand from traditional markets and to the ongoing Argentinian crisis. The forecast growth in exports is also expected to be supported by increased exports to a few emerging African markets and access to relatively less quality conscious south African countries. FMD still remains a major hurdle in exploring new lucrative markets in South Africa, Indonesia and Russia. In the tenth five year plan the government allocated funds to create three FMD free zones covering five major states in which the meat processing facilities are currently located, under the supervision of OIE. However, implementation of any such a program for the creation of FMD free zones might take at least five years.

India prohibits imports of beef owing to religious sensitivities. However, limited opportunities exist for imports of speciality beef cuts to meet the demand in luxury hotels serving wealthy Indians and foreign visitors. New Zealand and Australia will continue to remain the major competitors for US red meat exports due to the geographical proximity and logistics advantages.

SECTION II - STATISTICAL TABLES

Commodity, Animal Numbers, PSD Table

PSD Table							
Country:							
Commodity:							
		2001		2002		2003	UOM
	Old	New	Old	New	Old	New	
Calendar Year Begin							(MONTH/YEAR)
Total Cattle Beg. Stks	313774	313774	320200	317000	0	324200	(1000 HEAD)
Dairy Cows Beg. Stocks	134000	134000	134900	134200	0	135700	(1000 HEAD)
Beef Cows Beg. Stocks	0	0	0	0	0	0	(1000 HEAD)
Production (Calf Crop)	45800	45800	46700	45500	0	46700	(1000 HEAD)
Intra EC Imports	0	0	0	0	0	0	(1000 HEAD)
Other Imports	2	2	1	1	0	1	(1000 HEAD)
TOTAL Imports	2	2	1	1	0	1	(1000 HEAD)
TOTAL SUPPLY	359576	359576	366901	362501	0	370901	(1000 HEAD)
Intra EC Exports	0	0	0	0	0	0	(1000 HEAD)
Other Exports	0	0	0	0	0	0	(1000 HEAD)
TOTAL Exports	0	0	0	0	0	0	(1000 HEAD)
Cow Slaughter	1300	1300	1250	1250	0	1300	(1000 HEAD)
Calf Slaughter	2800	2800	2800	2800	0	3200	(1000 HEAD)
Other Slaughter	9500	9500	10200	10200	0	11000	(1000 HEAD)

Total Slaughter	13600	13600	14250	14250	0	15500	(1000 HEAD)
Loss	25776	25776	29151	25251	0	26401	(1000 HEAD)
Ending Inventories	320200	320200	323500	323000	0	329000	(1000 HEAD)
TOTAL DISTRIBUTION	359576	359576	366901	362501	0	370901	(1000 HEAD)
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0	(1000 MT CWE)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 MT CWE)

Commodity, Meat, Beef, & Veal, PSD Table

PSD Table							
Country:	India			0.7	<-Conversion factor for CWE		
Commodity:	Meat, Beef and Veal						
		2001		2002		2003	UOM
	Old	New	Old	New	Old	New	
Calendar Year Begin		01/2001		01/2002		01/2003	(MONTH/ YEAR)
Slaughter (Reference)	13600	13600	14250	14250	0	15500	(1000 HEAD)
Beginning Stocks	0	0	0	0	0	0	(1000 MT CWE)
Production	1770	1770	1810	1810	0	1920	(1000 MT CWE)
Intra EC Imports	0	0	0	0	0	0	(1000 MT CWE)
Other Imports	0	0	0	0	0	0	(1000 MT CWE)
TOTAL Imports	0	0	0	0	0	0	(1000 MT CWE)
TOTAL SUPPLY	1770	1770	1810	1810	0	1920	(1000 MT CWE)
Intra EC Exports	0	0	0	0	0	0	(1000 MT CWE)
Other Exports	375	368	410	400	0	420	(1000 MT CWE)
TOTAL Exports	375	368	410	400	0	420	(1000 MT CWE)
Human Dom. Consumption	1395	1402	1400	1410	0	1500	(1000 MT CWE)
Other Use, Losses	0	0	0	0	0	0	(1000 MT CWE)
TOTAL Dom. Consumption	1395	1402	1400	1410	0	1500	(1000 MT CWE)
Ending Stocks	0	0	0	0	0	0	(1000 MT CWE)
TOTAL DISTRIBUTION	1770	1770	1810	1810	0	1920	(1000 MT CWE)

Calendar Yr. Imp. from U.S.	0	0	0	0	0	0	(1000 MT CWE)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 MT CWE)

Commodity, Meat, Beef, & Veal, Export Matrix

Export Trade Matrix		Meat		
Country:			Units:	Metric Tons PWE
Commodity:			Partial Begin:	
			Partial End:	
Exports for	2000	2001	2001	2002
	Full	Full	Partial	Partial
U.S.	211	269		
Others				
Malaysia	77136	71871		
Egypt	48717	44437		
U.A.E.	41516	27417		
Philippines	47448	39768		
Iran	12577	14899		
Jordan	12443	12384		
Kuwait	4597	3617		
Oman	7532	8555		
Gabon	4050	2996		
Yemen	3739	2920		
Total for Others	259755	228864	0	0
Others not listed	28087	30222		
Grand Total	288053	259355	0	0